

Message Text

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ACTION IO-14

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TAGS: OCON, EAGR, FAO

SUBJECT: FAO COUNCIL: PROGRAM OF WORK AND BUDGET 1974-75

REF: A. ROME 12143 B. ROME 12270

SUMMARY: FAO BUDGET FOR 1974-75 CONSIDERED BY COUNCIL NOVEMBER 6.
BASIS FOR EFFORT TO REDUCE BUDGET LEVEL ESTABLISHED, BUT USDEL WILL
NEED TO TAKE LEAD.

1. FAO PROGRAM OF WORK AND BUDGET, 1974-75, PRESENTED TO COUNCIL
AFTERNOON SESSION NOVEMBER 6 FOR DISCUSSION AND DECISION REGARDING
APPROPRIATE RECOMMENDATION TO CONFERENCE. IN ADDITION DOCUMENT
C 73/3 PROPOSING BUDGET OF \$102.5, COUNCIL RECEIVED SUPPLEMENTARY
PROPOSAL DISTRIBUTED PREVIOUS EVENING SETTING OUT \$4,810,000
"COST INCREASES" REVIEWED BY FINANCE COMMITTEE AND \$1,182,000
"PROGRAM ADDITIONS" NOT REVIEWED BY FINANCE AND PROGRAM COMMITTEES,
BUT CONVEYED INFORMALLY TO PERM REPS IN MEETING OCTOBER 18. TOTAL
BUDGET REQUEST \$108,492,000.

2. IN INTRODUCTION, SECRETARIAT (WEST) JUSTIFIED "ADD-ONS" ON
BASIS C 73/3, ISSUED IN JULY, COULD NOT TAKE ACCOUNT OF IMPORTANT
DEVELOPMENTS SINCE. COST INCREASES BEYOND DG'S CONTROL, BUT WERE
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FORESEEN BY TIME FINANCE COMMITTEE MET. HE SAID DG REGRETTED MAKING

ADDITIONAL PROGRAM PROPOSAL AT THIS TIME, BUT FEELS THEY ARE FULLY JUSTIFIED. FINANCE COMMITTEE CHAIRMAN (SHEFIN) NOTED THAT COMMITTEE HAD MADE NO RECOMMENDATION REGARDING \$1,182,000 IN PROPOSED PROGRAM INCREASES. IN BRIEF REVIEW OF "ADD-ONS" BOTH WEST AND SHEFRIN MADE PASSING REFERENCE TO \$84,000 "ADD-ON" FOR NORTH AMERICAN LIASON OFFICE RENT FOR 18 MONTHS NEXT BIENNUIUM.

3. JAPAN LED OFF WITH EXPRESSION OF "GRAVE CONCERN" BECAUSE JAPAN'S CONTRIBUTION TO FAO WOULD NEARLY DOUBLE IN NEXT BIENNUIUM, OBSERVED THAT PROGRAM ADDITIONS SHOUD BE REDUCED AS MUCH AS POSSIBLE, AND NOTED THAT COST INCREASES MIGHT BE INEVITABLE. INDIA REGRETTED HIGHEST INCREASE EVER IN BUDGET AND DESTRUCTIVE EFFECT INFLATION AND DEVALUATION ON LDC INTERESTS. INDICATED INDIA HAS RESERVATIONS ABOUT SOME SPECIFIC INCREASES, BUT SUPPORTED \$108.5 LEVEL. INDIA ASKED FOR CLARIFICATION "ADD-ON" FOR NA OFFICE RENT. DENMARK AND SWITZERLAND CRITICIZED "ADD-ONS" AND SWISS SAID PRACTICE OF LATE ADDITIONS TO BUDGET CANNOT BE ACCEPTED.

4. AT THIS POINT DEBATE FLAGGED AND U.S. INTERVENED EARLIER THAN ANTICIPATED IN ORDER PREVENT CLOSURE OF DEBATE. U.S. SPOKESMAN (MILLS) STATED U.S. POSITION ALONG LINE PARA 1.-5.U.S. POSITION. HOWEVER, WITH REGARD TO PARA 5(D) USDEL STRESSED OPPOSITION IN PRINCIPLE WITHOUT GOING INTO DETAILED RUNDOWN, IN ACCORDANCE GENEVA GROUP CONSENSUS (PARA 5 REFTEL). USDEL FELT OBLIGED EXPLAIN CIRCUMSTANCES LEADING TO (84,000 "ADD-ON" FOR NA LIASON OFFICE RENT, INDICATING THAT IT DUE CHANGE IN U.S. LAWS AND AFFECTED NOT ONLY FAO. ALTHOUGH U.S. CONSIDERING ALTERNATIVES, THERE NO CERTAINTY THIS COULD BE DONE AND SECRETARIAT SHOULD NOT BE FAULTED FOR NOT ANTICIPATING THIS ITEM. USDEL DECIDED NOT TO TAKE LEAD AT THIS POINT IN PROPOSING MAXIMUM BUDGET LIMIT \$105 MILLION ALONG LINES CG CONSENSUS. TAKING INITIATIVE AT THIS STAGE WOULD HAVE MADE IT OBVIOUS U.S. LEADING EFFORT TO REDUCE BUDGET AND WE WERE UNCERTAIN WHETHER OUR ACTION MIGHT AFFECT DECISION ON SCALE OF CONTRIBUTIONS, WHICH NEXT ON AGENDA (SEE REF B), AND OTHER MAJOR ITEMS.

5. SEVERAL LDCS COMMENTED ON SERIOUS DETRIMENTAL EFFECTS INFLATION AND DEVALUATION HAVE HAD ON BENEFITS RECEIVED BY LDCS THROUGH FAO. VENEZUELA AND INDONESIA WERE SHARPLY CRITICAL OF WAY IN WHICH SUPPLEMENTAL BUDGET REQUESTS WERE PRESENTED.
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6. CANADA DEPLORED FACT PROGRAM AND FINANCE COMMITTEES NOT IN POSITION (BECAUSE OF LACK OF INFORMATION) MAKE RECOMMENDATIONS ON "AD-ONS", AND CRITICIZED "ADD-ONS" ALONG LINES CG CONSENSUS. DELEGATE POINTED OUT THERE POSSIBILITY FOR ADDITIONAL FUNDS TO ACCOMMODATE SAVINGS WITHOUT AFFECTING PROGRAMS, SUCH AS POSSIBLE INCREASE IN LIRA"DOLLAR RATE ABOVE LEVEL AT WHICH BUDGET CALCULATED.

7. FRG DEL MADE STRONG STATEMENT INDICATING SUBSTANTIAL DIFFICULTIES IN ACCEPTING PROPOSED BUDGET BECAUSE OF AMOUNT OF ADD-ONS, THEIR COMPOSITION, AND MANNER IN WHICH THEY PRESENTED. AFTER RAISING SPECIFIC OBJECTIONS ALONG LINES GG CONSENSUS, HE OBSERVED THAT ELIMINATING THESE ITEMS WOULD RESULT IN LOWER BUDGET LEVEL.

8. VICE CHAIRMAN COUNCIL (JABATI, SIERRALEONE) MADE THREE POINTS IN SUMMING UP COUNCIL ATTITUDE: (1) DOCUMENTATION WAS GOOD, (2) CONCERN ABOUT SIZE OF BUDGET AND (3) HE HOPED DG WOULD STUDY HOW TO BRING BUDGET WITHIN ACCEPTABLE LIMIT.

COMMENT: COUNCIL CONSIDERATION APPEARS TO HAVE SET GOOD PSYCHOLOGICAL BASE FOR EFFORT REDUCE BUDGET LEVEL. BELIEVE USDEL MUST BE WILLING, HOWEVER, TO BE IN FOREFRONT OF EFFORT. NOW THAT SCALE OF CONTRIBUTIONS ISSUE APPEARS TO BE ON SAFE TRACK, BELIEVE U.S. CAN AFFORD TO DO SO. WE INTEND TO MAKE INFORMAL EFFORT TO STRENGTHEN RESOLVE GG COUNTRIES AND SECURE SUPPORT OTHER DELEGATIONS. MAY BE NECESSARY, IN CONFERENCE CONSIDERATION PROGRAM OF WORK AND BUDGET (SOME GG DELS UNHAPPY U.S. DID NOT DO SO IN COUNCIL). USDEL WILL REPORT REACTIONS BEFORE REQUESTING ANY FINAL INSTRUCTIONS. CONSPICUOUS "ADD-ON" FOR NA LIAISON OFFICE RENT DAMAGING TO US POSITION AND HIGHLY EMBARRASSING. IN VIEW VISIT SEC BUTZ, SUGGEST DEPT REOPEN QUESTION WITH USDA URGING REVERSAL OF DECISION, AT LEAST FOR PERIOD 1974-75. OPPORTUNITY FOR SECRETARY TO MAKE PERSONAL IMPRESSION BY ANNOUNCING RESOLUTION THIS MATTER SHOULD NOT BE OVERLOOKED. VOLPE

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